

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 807 - HB 728

February 12, 2013

SUMMARY OF BILL: Changes, from June 30, 2015 to June 30, 2013, the repeal date of the Virtual Public Schools Act.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures –

**Exceeds \$7,000,000/BEP Funding to Union County/FY14-15 and
Subsequent Years**

Decrease Local Revenue –

**Exceeds \$7,000,000/BEP Funding to Union County/FY14-15 and
Subsequent Years**

Other Fiscal Impact – Any change in expenditures for Union County, resulting from a reduction in Union County's required maintenance of effort, will be permissive and dependent upon the funding decision by Union County. In addition to the fiscal impacts estimated above, there will be a recurring increase in BEP state expenditures, in FY14-15 and subsequent years, of an amount reasonably estimated to be \$7,000,000, but could be more or less depending upon the specific LEA such transferring Tennessee Virtual Academy students elect to attend.

Assumptions:

- The Union County LEA will have a reduction in state BEP funding beginning in FY14-15 as a result of the Tennessee Virtual Academy located in Union County closing in FY12-13. The precise reduction in state funding to Union County is unknown, but is reasonably estimated to exceed \$7,000,000 since the Union County LEA since the Department of Education's FY12-13 July BEP allocation attributed \$7,558,000 in state BEP funding to the Union County LEA for students attending the Academy.
- Any change in state BEP funding for the LEAs that receive the transferring out-of-district Academy students is dependent upon multiple unknown factors such as to which LEAs the students transfer, the precise number of students transferring into any single LEA, and the BEP per pupil expenditure for the LEA receiving the transfer student. As a result, total state BEP funding to the LEAs receiving the transfer students could be

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more or less relative to the decrease in state BEP funding estimated for Union County. Any such change in state BEP funding for these LEAs will not take place until FY14-15 because such funding is made available one year in arrears from any change in student population.

- Any resulting decrease in local BEP match funding for the Union County LEA is unknown and would be at the discretion of Union County; therefore, any permissive decrease in local government (Union County) expenditures is unknown.
- Local expenditures, for any LEA receiving the out-of-district Academy students, will not significantly increase because the majority of LEAs are currently funding at a level that is above their required local BEP match, and further because the LEAs to which they transfer have enough flexibility within their budgets and other resources to absorb the transferring of Academy students into school operations.
- There will not be a significant change or shift in state or local BEP funding for other virtual public schools since the Academy in Union County is the only school that houses out-of-district students.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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